

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6188-01  
Bill No.: HB 1942  
Subject: Insurance - General; Insurance Dept.  
Type: Original  
Date: March 30, 2012

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Bill Summary: This proposal changes the requirements regarding captive insurance companies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated Fund	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this proposal allows the formation of sponsored captive insurance companies in Missouri. It is unknown how many more captive insurance companies will be created. Premium tax revenue from captive insurance companies is split 90/10 between General Revenue and the Insurance Dedicated Fund. It is unknown how each of these funds may be impacted by the formation of new captive insurance companies each year.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume the proposal should not result in additional costs or savings to the BAP. BAP defers to the Department of Insurance, Financial Institutions and Professional Registration concerning any possible change in premium or other taxes collected due to the proposal's newly created sponsored captive insurance company business entity.

Officials from the **Joint Committee on Administrative Rules** assume this proposal will cause no fiscal impact beyond their current appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Revenue</u> - DIFP - Premium Tax Revenue in formation of captive insurance companies	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Revenue</u> - DIFP - Premium Tax Revenue in formation of captive insurance companies	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2013 (10 Mo.)	 FY 2014	 FY 2015
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation changes the requirements regarding captive insurance companies.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

VL:LR:OD

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and  
Professional Registration  
Office of Administration -  
Division of Budget & Planning  
Joint Committee on Administrative Rules

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 30, 2012